

Community resources

[Follow us on Twitter](#) [Check our Reddit](#) [Twitter this](#) [Digg this page](#) [Contact us on IRC](#)

courage is contagious

Viewing cable 05SOFIA1597, ECONOMY MINISTER: BULGARIA TO STAY THE MACRO

If you are new to these pages, please read an introduction on the [structure of a cable](#) as well as how to [discuss them](#) with others. See also the [FAQs](#)

Understanding cables

Every cable message consists of three parts:

- The top box shows each cable's unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

To understand the justification used for the classification of each cable, please use this [WikiSource](#) article as reference.

Discussing cables

If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#05SOFIA1597**.

Reference ID	Created	Released	Classification	Origin
05SOFIA1597	2005-09-15 14:30	2011-08-30 01:44	CONFIDENTIAL	Embassy Sofia

Appears in these articles:

<http://www.bivol.bg/wlbelene.html>
http://www.capital.bg/politika_i_ikonomika/bulgaria/2011/04/29/1082317_mrusna_energiia/
<http://wlcetral.org/node/1722>

This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L SECTION 01 OF 02 SOFIA 001597

SIPDIS

TREASURY FOR ATUKORALA; COMMERCE FOR SAVICH;
DEPT PLEASE PASS TO USTR ERRION

E.O. 12958: DECL: 09/12/2015
TAGS: [ECON](#) [EINV](#) [KIPR](#) [ENRG](#) [EFIN](#) [ETTC](#) [PREL](#) [BU](#) [EUN](#)
SUBJECT: ECONOMY MINISTER: BULGARIA TO STAY THE MACRO
COURSE; STEM CORRUPTION

Classified By: DCM JEFFREY D. LEVINE FOR REASONS 1.4 B & D

1. (C) SUMMARY: Ambassador Beyrle made an introductory call on Roumen Ovcharov, the new Minister of Economy and Energy, on September 12. He stressed USG support for Bulgaria's EU accession in January 2007, as well as continued close cooperation on economic and commercial issues. In the ensuing discussion, Beyrle and Ovcharov discussed the need for greater protection of intellectual property rights (IPR), compliance with agreements to privatize state enterprises, and continued improvement in the investment climate. Ovcharov stressed Bulgaria's confirmed priority on its nuclear energy industry, where he said U.S. companies' experience was helpful. END SUMMARY

EU ACCESSION AND IMF/WORLD BANK

2. (C) Ovcharov laid out his government's priorities, which include EU accession, a "mature" relationship with international financial institutions, continued macro-economic success, and successful privatization of remaining state-owned enterprises. The GOB's highest priority is the passage of laws necessary for EU accession, especially those related to Justice and Home Affairs, and streamlining coordination between ministries in order to convince its EU partners that Bulgaria is up to the tasks of membership. Bulgaria is also ready to take the next step toward a mature relationship with the IFIs, beginning with more detailed discussion of problems and coordination of

solutions, according to Ovcharov.

PRIVATIZATIONS

13. (U) Ovcharov noted that gas and electric supply companies are still state owned; one of his priorities will be moving ahead with their privatization. However, according to Ovcharov, the GOB still needs to support heavy industry, particularly steel production, and agriculture, which could continue to be a productive export for Bulgaria. Amb. Beyrle raised the need for Bulgaria to finalize the sale of Boyana film studios to American film producer NuImage, the winning bidder in a recent privatization tender. Ovcharov noted that Boyana's sale is currently tied up in the judicial system.

ENERGY/INFRASTRUCTURE

14. (C) Ovcharov, who was Energy Minister in the previous Socialist government, said the proposed Nabucco gas pipeline could dilute Russian influence by transporting gas from eastern to western Europe. Russian President Putin and Prime Minister Stanishev also discussed the need for an oil pipeline recently. Bulgaria understands the importance of a Bosphorus-bypass pipeline to global oil interests, said Ovcharov.

15. (C) Beyrle stressed U.S. companies' commitment to improving Bulgaria's capacity as an electricity exporter in the region. Ovcharov complained that the American company AES has made little progress in more than six years (sic) on its agreement to build a new power plant at Maritza East. He also raised problems with the upgrades of Maritza East III plant, originally started by U.S.-based Entergy.

16. (U) Bulgaria wants to maintain its position as the best-developed nuclear industry in eastern Europe, said Ovcharov. Thus, the GOB is reviewing the Belene nuclear power plant project re-started by the previous government. Licensing, safety and International Atomic Energy Agency issues remain to be worked out. Amb Beyrle noted U.S. industry -- Westinghouse and Parsons -- work on Kozloduy nuclear plant, and reminded Ovcharov that U.S. companies were well-positioned to compete for Belene sub-contracts. Ovcharov said he appreciated USG assistance through EXIM-bank loans and thought the U.S. companies' experience would be useful in Belene.

IPR

17. (C) Beyrle pointed out that Bulgaria used to be a model of success in tackling IPR problems, but recently has moved in the other direction. He stressed the need for greater cooperation between agencies, and for leadership from the top on this issue. Ovcharov said the GOB is addressing the issue, and has just passed optical disk media legislation that "practically solves the problem." He pledged to cooperate closely with the U.S.

BUSINESS CLIMATE

18. (C) Referring to the business climate, Ovcharov said the current environment "allows for unequal treatment of companies." His ministry is responsible for some of that imbalance because of its role in licensing and other administrative requirements that give rise to opportunities for corruption. Ovcharov also said the administrative process takes too long, with too many separate procedures. Ambassador offered USG assistance in this area.

19. (C) Complex administrative procedures are not the only problem facing potential investors. Ovcharov also highlighted the need to reform the judicial and prosecutorial systems. Currently judges move from one court to another, with no real infusion of fresh blood. Real change is not possible under this environment. He said the Prime Minister and Socialist Party are prepared to make serious efforts in this area.

10. (U) Ambassador stressed that passage of legislation allowing the GOB access to bank and tax information was necessary in order to complete negotiations on the Treaty on the Avoidance of Double Taxation. This treaty will give greater incentives to American businesses to invest here.

ARMS EXPORT CONTROLS

11. (C) Ovcharov and Beyrle agreed on the good cooperation between our countries on export controls. Ambassador stressed USG desire that cooperation continue with the team that has been in place at the working level, and that we would like to review our consultative process with the newly appointed Deputy Minister in charge of export controls.

12. (C) COMMENT: Ovcharov gives the impression that Bulgaria is open for business despite some remaining problems. He clearly recognizes the weaknesses inherent in the current system and the need to address these problems in order to attract substantially more foreign investment. The fate of the privatization of Boyana Studios will be important in this regard, sending a signal to U.S. investors, as will Bulgaria's efforts to implement judicial reform in advance of its EU membership. While his analysis of the benefits of recent IPR legislation is overly-optimistic, his concerns about AES' slow progress on the Maritza power plant has some merit. The bottom line, however, is that there are numerous opportunities in Bulgaria for U.S. companies in the coming years, but the new government will need to work decisively to prove it is serious about improving the business climate if it is to reap the benefits. END COMMENT
BEYRLE